GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5031
ANSWERED ON:20.04.2001
LONG TERM FISCAL POLICY
RAMSHETH THAKUR

Will the Minister of FINANCE be pleased to state:

(a) Whether the Government have prepared a long-term fiscal policy as prevalent in many developed and developing countries;

(b) if so, the details thereof;

(c) whether the Government have set up a committee for medium-term management of the fiscal deficit;

(d) whether the Government have also set up an expenditure commission for expenditure management and restructuring;

(e) if so, whether the said committee and commission have submitted their reports;

(f) if so, the details of recommendations made by said committee and commission separately?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) No, Sir.

(b) Does not arise.

(c),(d),(e)&(f): A statement is attached.

Statement referred to in parts (c),(d),(e) and (f) of the Lok Sabha Unstarred Question No.5031 for answer on April 20, 2001.

The Comittee on Fiscal Responsibility Legislation was constituted on January 17, 2000 to go into the various aspects of the fiscal system and recommended a draft legislation on fiscal responsibility. For medium term management of the fiscal deficit the Budget for 2000-2001 had also proposed strong institutional mechanism embodied in a Fiscal Responsibility Act. To this end, a Fiscal Responsibility & Budget Management Bill 2000 was introduced inthe Lok Sabha in December, 2000. The Bill provides for a legal and institutional framework to eliminate revenue deficit, bring down the fiscal deficit and stabilise debt as a proportion of gross domestic product within a time frame.

The Expenditure Reforms Commission was constitutedon February 28, 2000. Expenditure Reforms Commission hassubmitted five reports so far. These are as follows:

First Report on Food Subsidy.

Second Report in four parts covering:

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Part-I  Rationalising Fertiliser Subsidy
Part-II  Optimising Goverment Staff Strength - Some general issues
Part-III  Rationalising of the Functions, Activities and Structures
  of the Ministry of Information and Broadcasting; and
Part-IV  Rationalising of the Functions, Activities and Structures in
  the Ministry of Coal
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Third Report on Restructuring of the Department of Economic Affairs
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Fourth Report covering:

1) Rationalisation of the Functions, Activities and Structures of the Ministry of Small Scale Industries and Agro & Village Industries
2) Rationalisation of the Functions, Activities and Structures of the Department of Heavy Industry and
3) Rationalisation of the Functions, Activities and Structures of the Department of Public Enterprises.

Fifth Report in three parts:

Part I : Rationalisation of the Functions, Activities and Structures of the Department of Posts;
Part II : Rationalisation of the Functions, Activities and Structures of the Department of Supply and
Part III: Report on Autonomous Institutions.

With a view to reduce subsidy, the report on Food Subsidy among others has recommended better targeting, efforts to minimise Food Corporation of India overhead charges, encouraging StateGovernments and private sector to enter procurement trade and export. The Report on Rationalising Fertiliser Subsidy among other things has recommended dismantling of the control systemin a phased manner, certain steps to protect small farmers in the nature of dual price scheme and expansion of employment guarantee schemes and rural works etc. The Report on Optimising Government Staff Strength has recommended among other things a cut of 10 per cent of the staff as on 1.1.2000 to be carried out by the year 2004-05, total ban on creation of new posts for two years, staff declared surplus to be transferred to the Surplus Cell to be redesignated as the Division of Retrainingand Deployment. The Reports concerning Ministries/Departments of Economic Affairs, Information and Broadcasting, Coal, Posts, Heavy Industry, Supply, Small Scale Industries and Agro and Village Industries and Autonomous Institutions have mainly recommended rationalisation, restructuring and downsizing.